

Nursing Home Issue Brief: Quality Measures

The CMS Nursing Home Star Rating System:

The overall CMS nursing home star rating is made up of three component ratings, each one of which has its own star rating. These include: health inspections, staffing, and quality measures.

Health inspections are derived from annual state surveys and results are based on the number, scope, and severity of deficiencies found during the most recent 36 months. This is the core of the overall rating. Measures are based on comparisons within a state

The second component is **staffing**, which is based on RN hours per resident day and total staffing hours per resident day. These measures are case mix adjusted. Data is self-reported by nursing homes. This is expected to be updated with Payroll Based Journal (PBJ) reporting.

The third component is **quality measures**. These are derived from MDS data and Medicare claims data. These were updated in July, 2016 to provide more measures for short stay residents. Star ratings are based on performance on nine long-stay and seven short-stay measures of the 24 total measures that CMS posts on Nursing Home Compare. Measures are risk adjusted.

The overall star rating is calculated by CMS as follows:

- Step 1: Begin with the health inspection rating.
- Step 2: Add one star to Step 1 if the staffing rating is 4 or 5 stars *and greater than the health inspection rating*. Subtract one star if the staffing rating is one star.
- Step 3: Add one star to Step 2 if the quality measure rating is 5 stars; subtract one star if the quality measure rating is one star. The overall rating cannot be more than 5 stars or less than 1 star.
- If the health inspection rating is 1 star, then the overall rating cannot be upgraded by more than one star based on staffing and quality.

Developments in Quality Measurement:

CMS developed the 5-Star Quality Rating system for nursing homes in 2008. This data is currently posted on CMS' Nursing Home Compare at:

<https://www.medicare.gov/nursinghomecompare/search.html?>

Nursing Home Compare includes three domains: health inspections; staffing; and quality measures, as well as an overall rating. Each domain has its own 5-star rating. There are separate quality measures for long-stay and short-stay patients.

In January, 2015 CMS revamped its 5-Star Quality Rating System for nursing homes. Major changes included: nursing homes will have to begin reporting staffing levels quarterly using an electronic system that can be verified with payroll data; a national auditing program aimed at checking quality measures will be initiated.

In July, 2016, CMS added new measures as follows:

- Percentage of short-stay residents who were successfully discharged to the community;
- Percentage of short-stay residents who have had an outpatient emergency department visit;
- Percentage of short-stay residents who were re-hospitalized after a nursing home admission;
- Percentage of short-stay residents who made improvements in function;
- Percentage of long-stay residents whose ability to move independently worsened.

The first three measures are claims-based; the last two are MDS-based. These measures will be phased in. In July, 2016 they will have 50% of the weight of current measures; by January, 2017, they will have the same weight as current measures.

Other methodological changes introduced in July, 2016 include:

- Using four quarters of data rather than three for determining quality measure (QM) ratings;
- Reducing the minimum denominator for all measures (short-stay, long-stay, and claims-based) to 20 summed across four quarters;
- Revising the imputation methodology for QMs with low denominators meeting specific criteria. A facility's own available data will be used and the state average will be used to reach the minimum denominator;
- Using national cut points for assigning points for the ADL QM rather than state-specific thresholds.¹

Licensing Inspection and Deficiencies:

A component of the star rating system is based on annual (or more frequent for complaint investigation) inspection by the Office of Health Care Quality (OHCQ). Such data includes: the overall health inspection rating; date of the most recent health inspection; date of the most recent fire safety inspection; how many health-related standards the nursing home failed to meet; how many fire safety standards the nursing home failed to meet.

MHCC Website:

The MHCC website includes an easy access Maryland version of Nursing Home Compare:

<https://healthcarequality.mhcc.maryland.gov/MarylandHospitalCompare/index.html#/professional/nursing-homes/location>

¹ Design for *Nursing Home Compare* Five-Star Quality Rating System: Technical User's Guide, July, 2016.

The website also includes a Consumer Guide to Long Term Care, which includes a range of resources related to long term care, including nursing homes, assisted living, adult day care, home health agencies, and hospices:

<https://mhcc.maryland.gov/consumerinfo/longtermcare/Default.aspx>

Quality Measures in the Current State Health Plan Chapter:

The standards in the current Nursing Home Chapter of the State Health Plan reflect the limited quality measures available in 2007. The standard states that an existing facility applicant must demonstrate that it has no outstanding Level G or higher deficiencies and that it maintains a demonstrated program of quality assurance.

As quality measures have evolved, as described above, they have been incorporated into CON reviews, but have not yet been formalized in State Health Plan regulations.

With the introduction of star ratings, there are more objective quality measurements. These can be compared both statewide and nationally. Some possible uses for star ratings include:

Docketing rules:

- Requiring a minimum level of performance to expand services
- Adding providers in a jurisdiction with a high proportion of low quality providers

Standards:

- Using star measures to operationalize “minimum quality”
- Looking at performance of nursing home multi-facility operators

Questions for Discussion:

- What should a minimum star rating be? 3-star is considered “average”; 2-star is “below average”; 1-star is “much below average”.
- Should a low quality applicant be docketed if there is a plan to improve the facility operation? How should this be measured?
- If an applicant is a member of a multi-facility chain, what proportion of its facilities should be above the minimum requirements?
- How long should a new owner have to develop and improve a facility’s performance?
- What should the look-back period be for a star rating?
- If a jurisdiction has a preponderance of low quality facilities, should applications be accepted in the absence of need in order to offer consumers higher quality alternatives?
- How should the effectiveness of an applicant’s quality assurance program be assessed?